



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

Senator Lesser, Representative Wood, Senator Hwang, Representative Pavalock-D'Amato and members of the Insurance and Real Estate Committee, the Connecticut Insurance Department thanks you for the opportunity provide written testimony in opposition to this bill:

### **SB 355 AN ACT ESTABLISHING THE 340B DRUG PRICING NONDISCRIMINATION ACT.**

An Act Establishing the 340B Drug Pricing Non-Discrimination act is a proposal to disallow PBMs from discriminating against a 340B covered entity and requires the Department to draft regulations to enforce these provisions. While the Department supports the goal of this legislation, to bring the cost of prescription drugs down for consumers, we do not support the parts of this bill that place the enforcement over PBMs and 340B covered entities contracts with the Insurance Department.

The Department supports the overall goal of reducing the costs of prescription drugs for Connecticut consumers. Those costs currently account, on average, for nearly a quarter of health care premiums and are increasing by ten percent each year. As such, we support the Governor's Bill SB 13 that was proposed with this same goal in mind.

This proposed bill, SB 355, will have a very costly and inefficient impact. It establishes new contracting requirements between Pharmacy Benefit Managers and 340B covered entities and then requires the Insurance Commissioner to draft regulations to enforce such recommendations. This bill places additional requirements on the Connecticut Insurance Department by establishing with the Commissioner enforcement authority over the contracting of PBMs and 340B covered entities.

The Connecticut Insurance Department regulates all types of insurance within the state of Connecticut, including carriers and agents. The Insurance Department presently does not regulate 340B covered entities or Pharmacy Benefit Managers, nor should we. The Department does register PBMs, but we do not license them, or review their contracts. While the Department possesses expertise on items



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concerning the regulation of insurance, regulating prescription drugs and the complex contracting relationships entities who operate within the sphere of manufacturing and supplying prescription drugs have with each other and with other entities is an area in which the Department does not have expertise, experience, nor regulatory authority. If this bill were to pass in its present form, the Department would need a significant investment of resources to hire employees with expertise in prescription drugs to carry out the goals of this bill. Additional legal and Market Conduct staff will also be necessary concerning the enforcement of any new contractual requirements.

The Connecticut Insurance Department urges the committee to support SB 13, An Act Reducing Prescription Drug Prices, as well as the Governor's proposed budget in lieu of this bill.

Thank you for the opportunity to provide written testimony today.